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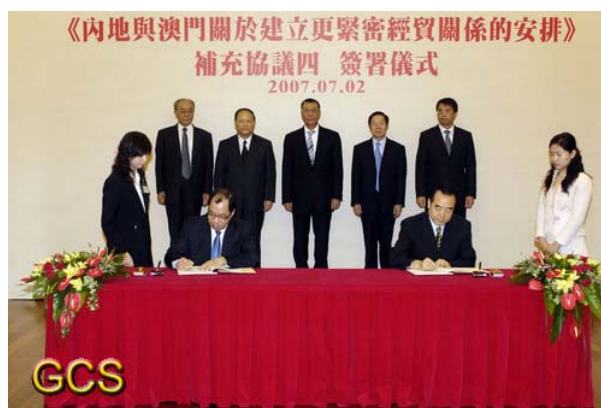
Editor’s Note

The newly signed Supplement IV to CEPA further enhances the economic and trade exchanges and cooperation between the Mainland and Macao. The Supplement IV, which is considered the most liberalized round of agreement, has opened and deepened the liberalization in 28 service sectors, resulting in a cumulative total of 38 services sectors now included in Trade in Services under CEPA. Moreover, on the side of Trade and Investment Liberalization, new measures are added to strengthen the “Financial Services Cooperation” and “Cooperation in the Convention and Exhibition Sector” in both places, injecting new impetus to moderate industrial diversification in Macao. Guangdong, Hong Kong and Macao joint efforts in the bid to inscribe Chinese herbal teas in the National Immaterial Cultural Heritage List. This not only raises the attention of the public to the effects of Chinese herbal teas on health care in their daily life, but also brings about enormous business opportunities in the trade. Therefore, Macao Economic Services partnered with the Economic and Trade Commission of Guangdong Province in holding the Seminar on “Business

Opportunities out of National Cultural Heritage – the Successful Inscription of Chinese Herbal Tea in the National Cultural Heritage List and the Business Opportunities of Health Care Beverages in the Portuguese-Speaking Countries”. More than a hundred representatives from the industry attended the seminar, discussing and sharing their experience in the prospects and development of the health care beverage industry.

1. The Signing of Supplement IV to CEPA further enhances the economic and trade exchanges and cooperation between the two places

Witnessed by the Chief Executive of Macao SAR, Edmund Ho Hau Wah, Director of the Liaison Office of the Central People's Government in Macao SAR, Bai Zhi Jian, Deputy Director of the Hong Kong and Macao Affairs Office of the State Council, Chen Zuo Er, Deputy Commissioner of the Commissioner's Office of China's Foreign Ministry in the Macao SAR, Wan Yong Xiang, and Director-General of Macao Customs Service, Choi Lai Hang, the main text of Supplement IV to CEPA was signed by the Vice-Minister of Commerce, Liao Xiaoqi and the Secretary for Economy and Finance, Francis Tam Pak Yuen on behalf of the two sides.



the Vice-Minister of Commerce, Liao Xiaoqi and the Secretary for Economy and Finance of Macao SAR, Francis Tam Pak Yuen, signed the Supplement IV to CEPA.
(Courtesy photo from the Government Information Bureau)

In accordance with CEPA V, from 1 January 2008, the Mainland will, on the basis of the commitments on liberalization of trade in services, further relax the market access conditions in the sectors of legal, medical, real estate, job intermediary, convention and exhibition, telecommunications, audiovisual, distribution, insurance, banking, securities, tourism, cultural and recreational, maritime transport, air

transport, road transport and individually owned stores. Besides, eleven new sectors will be included in the new round of liberalization, namely, computer and the related services, market research, management consulting related services, public utility, building-cleaning, photographic, printing, translation and interpretation, environmental, social services, and sporting. Thus, the Mainland has opened up 38 service sectors in total.

With regards to the requirements on Macao Service Suppliers, the qualification of Macao service suppliers providing banking and other financial services (excluding insurance and securities) is adjusted to that the operators, after obtaining authorization from the Monetary Authority of Macao in accordance with “Macao Financial System Act”, should have engaged in substantive business operations for 5 years or more, or should have operated in the form of a branch for two years or more and engaged afterwards in substantive business operations in the form of a locally incorporated financial institution for three years or more. Also, Macao service suppliers providing third-party international shipping agency services should have incorporated and established in Macao and have engaged in substantive business operations for 5 years or more.

On the front of Trade and Investment Facilitation, it is stipulated that the Mainland will support and cooperate with Macao in organizing large-scale international conventions and exhibitions so as to fortify the cooperation of the two places in the MICE industry and expedite Macao’s economic diversification. In addition, to facilitate the financial services cooperation between the two places, the Mainland will on one hand keenly support the Mainland bank to establish subsidiaries and launch business operation in Macao. On the other hand, it encourages the Macao bank to set up village banks in the rural areas in the Mainland and sets up green lanes for the Macao bank to establish branches in the Mid-Western and Northeastern regions and the Guangdong Province of the Mainland.

New liberalization measures are summarized and tabulated as follows:

Services	Summary of CEPA V
Legal	<ul style="list-style-type: none"> • The geographic restriction imposed on Macao law firms setting up representative offices in the Mainland to operate in association with Mainland law firms will be removed.
Medical	<ul style="list-style-type: none"> • The requirement on total investment for Macao service suppliers to set up equity joint venture or contractual joint venture medical institutions in the Mainland will be lowered from not less than RMB 20 millions to not less than RMB 10 millions. • Macao services suppliers who have obtained the Mainland’s “Medical Practitioner’s Qualification Certificate” are allowed to open individual medical clinics in the Mainland in accordance with the criteria stipulated for establishing individual clinics by Mainland medical practitioners.

Services	Summary of CEPA V
Convention and Exhibition	<ul style="list-style-type: none"> ● To allow Macao service suppliers to organize exhibitions, in the cross-border mode of supply, in the Guangdong province or the Shanghai Municipality on a pilot basis. ● To allow Macao service suppliers to set up wholly-owned, equity joint venture or contractual joint venture enterprises in the Guangdong province or the Shanghai Municipality, on a pilot basis, to provide services of organizing overseas exhibitions for local enterprises.
Tourism	<ul style="list-style-type: none"> ● The annual tourism revenue will be lowered to not less than US\$15 million for Macao travel agencies setting up wholly-owned travel agencies in the Mainland; the annual tourism revenue for Macao travel agencies setting up equity joint venture travel agencies in the Mainland will be lowered to not less than US\$8 million. ● On the basis that Macao wholly-owned or equity joint-venture travel agencies in the Mainland have been allowed to organize group tours for residents with registered residency in Guangdong province to Macao to Hong Kong, the geographic locations covered are now expanded to wider regions. Macao wholly-owned or equity joint venture travel agencies established in all the other 8 Pan Pearl River Delta Provinces/autonomous region, are now allowed, on a pilot basis, to apply for providing group tour services to residents who have registered residency in the above places traveling to Macao and Hong Kong.
Insurance	<ul style="list-style-type: none"> ● An examination center for the Mainland insurance intermediary qualification examination will be set up in Macao. ● Macao insurance agency companies will be allowed to set up wholly-owned enterprises in the Mainland to provide agency services to Mainland insurance enterprises.
Banking	<ul style="list-style-type: none"> ● For a Macao bank to carry out equity acquisition in a Mainland bank, the total assets requirement on the Macao bank at the end of the year prior to the application is lowered from not less than 10 billion USD to not less than 6 billion USD.
Securities	<ul style="list-style-type: none"> ● Mainland fund management companies approved by the China Securities Regulatory Commission are allowed to set up subsidiaries in Macao to operate relevant businesses. ● For Mainland securities companies to set up subsidiaries in Macao, the timeframe for completing their registration in Macao will be extended from 6 months to 1 year.

Services	Summary of CEPA V
Translation and interpretation services	<ul style="list-style-type: none"> • Macao service suppliers are allowed to set up wholly-owned enterprises in the Mainland to provide translation and interpretation services.
Environmental services	<ul style="list-style-type: none"> • Macao services suppliers are allowed to set up wholly-owned enterprises in the Mainland to provide environmental protection services.
Sporting services	<ul style="list-style-type: none"> • Macao service suppliers are allowed to set up wholly-owned enterprises in the Mainland to provide sports event promotion and organization services; and sports facility operation services (excluding the construction of golf courses).
Services related to management consulting	<ul style="list-style-type: none"> • Macao service suppliers can provide, in the cross-border mode of supply, project management services other than for construction in services related to management consulting. • Macao service suppliers are allowed to set up wholly-owned enterprises in the Mainland to provide project management services other than for construction in services related to management consulting.
Market research services	<ul style="list-style-type: none"> • Macao service suppliers are allowed to set up equity joint-venture enterprises in the Mainland to provide market research services.
Printing and publishing services	<ul style="list-style-type: none"> • Macao service suppliers are allowed to set up joint-venture enterprises in the Mainland to engage in the business of printing publications and other printed matters. Macao service suppliers' shareholding in the joint venture should not exceed 49%. • Macao service suppliers can set up wholly-owned enterprises in the Mainland to provide printing and binding services for printed matters of package ornaments.
Public utility services	<ul style="list-style-type: none"> • Macao service suppliers are allowed to set up wholly-owned enterprises in the Mainland to engage in the construction and operation of gas, heating, and water supply and drainage networks in the medium-sized city in the Mainland.
Social services	<ul style="list-style-type: none"> • Macao service suppliers can establish elderly service agencies in the form of wholly-owned private non-enterprises to provide caring services for the elderly in Guangdong Province on a pilot basis.
Transportation	<ul style="list-style-type: none"> • Maritime Transport <p>Macao service suppliers are allowed to set up joint venture enterprises in the Mainland to provide third-party international</p>

Services	Summary of CEPA V
	<p>shipping agency services. The proportion of Macao service suppliers' shareholding should not exceed 51%.</p> <ul style="list-style-type: none"> • Air Transport <p>Macao service suppliers are allowed to submit the economic guarantee provided by China-capital banks in the Mainland or guarantee companies recommended by the China Air Transport Association, when applying for setting up wholly-owned, equity joint venture or contractual joint venture air transport sales agencies in the Mainland.</p> <ul style="list-style-type: none"> • Road Transport <p>Macao service suppliers are allowed to set up joint venture enterprises in the Mainland to provide interurban regular passenger transportation services.</p>
Individually Owned Stores	<ul style="list-style-type: none"> • Newly added scopes of businesses are computer services, software services; loading/unloading and portorage services related to road transport, other transport services, storage and warehousing services; translation and interpretation services. There are now an accumulative total of more than 20 kinds of businesses allowed for Individually Owned Stores.

2. 8 more items have been added to the zero tariff products list under CEPA from 1 July

From 1st July, 2007, 8 more items have been added to the zero tariffs product list under CEPA, including candles, non-refractory mortars and concretes, lifts designed for the transport of persons, other lifts and skip hoists, refills for ball point pens, pen nibs and nib points, duplicating stylos, pen-holders and pencil-holders, and other pen parts. For detailed mainland tariff codes and origin criteria of those products, please consult the website of Macao Economic Services (http://www.economia.gov.mo/public/docs/CEPA_TIG/index/en/zlist-e.pdf). Goods that are produced by Macao manufacturers and conform to the relevant rules of origin will be eligible for the zero tariffs preferential treatments under CEPA.

Since the implementation of CEPA, rules of origin for more than 656 products have been confirmed by the Mainland and Macao. Please refer to the website of Macao Economic Services for the complete product list and the pertaining rules of origin of all CEPA zero tariffs products.

(http://www.economia.gov.mo/web/DSE/public?_nfpb=true&_pageLabel=Pg_CEPA_TIG&locale=en_US)

3. China National Tourism Administration promulgated “Notification on group tours organized by Hong Kong and Macao invested travel agents in the Guangdong Province for local residents visiting Hong Kong and Macao”

In parallels with the commitments of Supplement III to CEPA, Macao travel agencies are allowed to set up wholly-owned or joint venture travel agencies in the Guangdong Province to organize group tours for the residents of the Guangdong Province (residents registered with permanent residence in Guangdong Province) to Macao and Hong Kong on a pilot basis. In April this year, China National Tourism Administration (NTA) promulgated the “Notification on group tours organized by Hong Kong and Macao invested travel agents in the Guangdong Province for local residents visiting Hong Kong and Macao”, stipulating that Hong Kong and Macao travel agent that have acquired the qualification to operate on a pilot basis can organize group tours for residents with permanent residence in Guangdong Province to Hong Kong and Macao only. Furthermore, while arranging group tours for Guangdong residents to Hong Kong and Macao, those travel agents are prohibited to organize outbound tours for mainland residents, including Guangdong residents, to other countries or areas via Hong Kong or Macao. To engage in the businesses allowed in the pilot scheme, Hong Kong and Macao invested travel agents should fulfill the stipulated criteria: registering in Guangdong province, obtaining the qualification for international travel agents for over a year, recording outstanding performance in inbound tourist businesses among similar travel agents, no grave illegality or service problems in the period of operation. Hong Kong and Macao invested travel agents applying for the pilot operation should submit their application to the Guangdong Provincial Tourism Administration, which will report to the National Tourism Administration (NTA) after examining. NTA will then verify the applications according to the principles set out in Supplement III to CEPA and notify the applicants in writing of their decision of “approved” or “rejected”.

For the complete document of the “Notification”, please consult the website of NTA: (http://www.cnta.gov.cn/news_detail/newsshow.asp?id=A20074291022223734263)

4. The 3rd Pan Pearl River Delta Region (PPRD Region) Intellectual Property

Cooperation Forum and the Joint Committee Meeting were held in Changsha

Organized by the Department of Intellectual Property Rights of the Hunan Province, the 3rd Pan Pearl River Delta Region Intellectual Property Rights Cooperation Forum and the Joint Committee Meeting were held in Changsha on June 13, 2007. The Macao delegation, which consisted of representatives from Macao Economic Services and Macao Custom Services, attended the activities. Deputy Director of the State Intellectual Property Office of the People Republic of China, Zhang Qin and the Vice Governor of the People's Government of Hunan Province, Gan Lin, both attended the Meeting and delivered keynote speeches. Also, more than 70 Representatives from the PPRD "9+2" provinces and regions took part in relevant activities.



Representatives from Macao Economic Services and Macao Custom Services, attended the 3rd Pan Pearl River Delta Region Intellectual Property Rights Cooperation Forum and the Joint Committee Meeting.

During the meeting, Acting Deputy Director of Macao Economic Services, Mr. Tai Kin Ip, presented the progress report on two projects coordinated by MES, namely 'Exchange Activities of Professionals in the Intellectual Property Right Intermediaries Service Sector in the PPRD' and 'Exchanges of Public Servants in the field of Intellectual Property Rights in the PPRD'. He also briefed on the new cooperation initiatives in relation to intellectual property rights in 2008. In the meeting, Mr. Tai emphasized that Macao SAR

would continue to participate actively and to work closely with other PPRD members in implementing the cooperation projects, as well as exchange activities, highlighted in the Joint Committee Meeting so as to create enabling environment for the protection of intellectual property right within the region.

5. Guangdong, Hong Kong and Macao joint efforts in successfully inscribing Chinese herbal teas on the Cultural Heritage List of the People's Republic of China. Massive business opportunities are waiting to be explored.

Macao Economic Services and Guangdong Provincial Economic and Trade Commission, with the support of the Auxiliary Bureau to the Permanent Secretariat of the "China and Portuguese - Speaking Countries Economic Cooperation Forum " and the Guangdong Food Products Guild, jointly held the "Business Opportunities out

of National Cultural Heritage – the Successful Inscription of Chinese Herbal Tea in the National Cultural Heritage List and the Business Opportunities of Health Care Beverages in the Portuguese-Speaking Countries”. More than 160 representatives from the herbal tea and health care beverages industries in Guangdong, Hong Kong, Macao and Portuguese Speaking Countries Chinese took part in the Seminar. Deputy Director of Macao Economic Services, Ms. Jeong Pou Yee, and Deputy Director of the Guangdong Provincial Economic and Trade Commission, Mr. Liu Xiaojie, spoke in the opening ceremony.

Participants of the Seminar pointed out that, cultural departments of Macao, Hong Kong and Guangdong reached consensus on recognizing Chinese herbal teas as national Food Cultural Heritage in February 2006, and hence the governments in the three places applied to the State Council to inscribe Chinese herbal teas as National Immaterial Cultural Heritage. In May of the same year, the State Council approved and declared Chinese herbal teas to be listed as National Immaterial Cultural Heritage. Meanwhile, 21 Chinese herbal tea producers in Guangdong, Hong Kong and Macao, 18 herbal tea brands and 54 herbal tea formulas and terminologies are now protected under relevant laws and regulations.



Speakers of the Seminar were answering questions raised by participants.

Since Chinese herbal teas have been recognized as Cultural Heritage, businesses in the trade have been developed at staggering pace, increasing at a rate of 300% in 2006, with total sales volume reaching 4 million tones. In addition, a growth rate as high as 190% was recorded in the first quarter of 2007. It is predicted that total sales volume of herbal teas can reach 4.6 million tones in the year, and more than 10,000 herbal teas chain stores can be established across the nation. Seminar participants also agreed that there are massive business opportunities arising from the sector, and they hope that Chinese herbal teas can be developed one day into the ‘beverages of the country’.

6. Macao Economic Services hosted “Exchange Activities for Professionals in the Intellectual Property Intermediary Services Sector in the PPRD Region”

To implement the “Agreement on Cooperation in Intellectual Property Rights in the

PPRD” signed by the “9+2” provinces and autonomous regions, and to advance the intellectual property rights protection and cooperation mechanism in the region, Macao Economic Services (MES) organized ‘Exchange Activities for Professionals in The Intellectual Property Right Intermediaries Service Sector in the PPRD’ on 15 and



Acting Deputy Director of Macao Economic Services, Mr. Tai Kin Ip, took photos with the speakers from Guangdong, Hong Kong and Macao on the sidelines of the Seminar.

16 May. In the Activities, MES invited government officials and experts from departments of Intellectual Property Rights from Guangdong, Hong Kong and Macao as keynote speakers explaining patent and trade mark protection mechanism in the three places, and the relevant regulations and implementation details for Hong Kong and Macao resident engaging in patent and trade mark intermediary services.

The National Qualification Examination for Patent Agents in the Mainland, which is organized once a year since 2006, was scheduled on 3 and 4 November this year, and Macao examinees can take part in the examination in the Guangzhou examination center.